Alibaba sales growth soars into the cloud

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Alibaba is China's dominant player in online commerce

Chinese e-commerce giant Alibaba's sales soared 55 percent in the last quarter, thanks in part to a more than doubling of revenue from cloud computing, the company said Wednesday.

Alibaba's quarter earnings report also showed a rise in use despite a slowing economy in China.

The year-on-year growth in group sales, to 34.29 billion yuan ($5.14 billion), was not matched by net profit, which slid 66 percent to 7.62 billion yuan ($1.14 billion).

The drop was mostly due to an unfavourable comparison, as last year the firm booked an exceptional gain linked to the re-evaluation of its participation in one unit.

"Alibaba Group had a great quarter," chief executive Daniel Zhang said in a statement on the firm's second quarter, which ended in September.

"Our results reflect our increasing ability to monetise our 450 million mobile users through new and innovative social commerce experiences."

The number of mobile users increased by 23 million since the end of the previous quarter in June.

Sales in the core commerce unit rose 41 percent year-on-year to $4.27 billion.

Alibaba Holding Group shares were down about three percent to $98.17 in afternoon trading on the New York Stock Exchange that followed release of the earnings figures.

Alibaba is China's dominant player in online commerce, with its Taobao platform estimated to hold more than 90 percent of the consumer-to-consumer market, while its Tmall platform is believed to have over half of business-to-consumer transactions.

Consumer behaviour is "evolving dramatically," according to Alibaba executives, with young people actively upgrading lifestyles.

Simultaneously, merchants are embracing Internet Age methods of

connecting with customers, setting up the potential for a "significant disruption" of the retail landscape, according to the company.

The company, often compared to eBay or Amazon of the United States, has expanded outside its core e-commerce business, in sectors ranging from sports to entertainment.

Zhang praised the rapid growth of Alibaba's cloud computing business, which saw sales soar 130 percent to the equivalent of $224 million.

"Our cloud computing continues to shine," Zhang said during an earnings call.

More than 40,000 developers from 58 countries attended an annual Alibaba conference for cloud computing and artificial intelligence in Hangzhou, according to the company.

Revenue from digital media and entertainment jumped 302 percent to the equivalent of $541 million.

"We also see huge potential in our newly integrated digital media and entertainment unit," said Zhang.

Alibaba Pictures last month took a minority shareholding in Spielberg's Amblin Partners, a film creation company that includes DreamWorks studios.

Alibaba executives said that growth remained a higher priority that profit for now, and that it continues to eye the potential to expand beyond China.

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